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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

WAYMO LLC,

Plaintiff,

v.

UBER TECHNOLOGIES, INC.,
OTTOMOTTO LLC; OTTO TRUCKING
LLC,

Defendants.

Case No. 3:17-cv-00939-WHA

**RESPONSE TO WAYMO'S CRITIQUE
OF FURTHER JURY INSTRUCTION
ON TRADE SECRET
MISAPPROPRIATION [DKT. 2171]**

Trial Date: December 4, 2017

1 The Court's proposed jury instruction is an accurate statement of the law, as noted in
2 Defendants' previous submission (Dkt. 2169). Waymo's proposed edits to the instruction would
3 add unnecessary complexity and in some respects misstate the law.

4 As a preliminary matter, the parties appear to have differing views of the purpose of this
5 instruction. The instruction proposed by the Court correctly instructs the jury on how to
6 differentiate between trade secrets and those skills and information acquired by former employees
7 that are not trade secrets. To that end, the instruction is a correct statement of the law. *See, e.g.,*
8 *Metro Traffic Control, Inc. v. Shadow Traffic Network*, 22 Cal. App. 4th 853, 862 (Cal. Ct. App.
9 1994) (the training and talents of employees are not an employer's trade secret); Trade Secrets
10 Practice in California, § 1.8 (2d Ed. 2016) (plaintiff must show that the alleged trade secrets are
11 not the same as the employee's general knowledge or skills). The instruction will be helpful to
12 the jury in light of Waymo's expected proof. It is also especially important because of
13 California's strong public policy in favor of employee mobility and open competition. *E.g.,*
14 *Bayer Corp. v. Roche Molecular Sys., Inc.*, 72 F. Supp. 2d 1111, 1119 (N.D. Cal. 1999)
15 (California public policy favors employee mobility); *see also Applied Materials, Inc. v. Advanced*
16 *Micro-Fabrication Equip. (Shanghai) Co.*, 630 F. Supp. 2d 1084, 1089 (N.D. Cal. 2009) (same);
17 *see also* Trade Secrets Practice in California, § 1.8 (2d ed. 2016) (noting that an employer cannot
18 use trade secret law to improperly restrict employee mobility). Waymo, on the other hand,
19 incorrectly approaches this one instruction as if it needs to be a self-contained statement of the
20 entire law of trade secret misappropriation. If Waymo's edits were approved, an otherwise
21 straightforward jury instruction on a single issue would be transformed into an unmanageable—
22 and legally suspect—statement of Waymo's case.

23 While Uber objects to all of Waymo's proposed revisions as unnecessary for the reason
24 cited above, Uber also specifically objects to the following three additions: (1) the term "general"
25 before "skills," (2) the clause "regardless of whether contained in a document or retained in the
26 engineer's memory," and (3) the clause "or research indicating that a certain process or approach
27 will not work."

28 The first addition ("general" before "skills") is unnecessary because the skills at issue are

1 correctly defined in the instruction as “those known in [the] field.” No qualifier is necessary.
 2 Waymo’s proposed limitation of skills to only those that are “general” is an incorrect statement of
 3 the law. Trade secrets law cannot prevent an employee from using specific skills known in the
 4 field that she may have learned in a prior job or training where those specific skills do not
 5 constitute trade secrets under the statutory requirements. *E.g. Agency Solutions.com, LLC v.*
 6 *TriZetto Grp., Inc.*, 819 F. Supp. 2d 1001, 1017 (E.D. Cal. 2011) (general and special knowledge
 7 of those skilled in a trade are not trade secrets). Waymo’s proposed addition would also conflict
 8 with Tentative Instruction V, which states properly that matters of special knowledge of persons
 9 who are skilled in a trade cannot be claimed as trade secrets.

10 The second addition (adding “regardless of whether contained in a document or retained
 11 in the engineer’s memory”) would make the instruction unnecessarily difficult to follow by
 12 creating conflict where none exists. Uber does not dispute that a trade secret may be kept in the
 13 mind of a former employee. But nothing in the instruction as originally written or in any of the
 14 Court’s other TJIs suggest otherwise. Adding Waymo’s proposal would complicate an issue that
 15 is otherwise clear.

16 The third addition (adding “or research indicating that a certain process or approach will
 17 not work”) is unnecessary and incorrect. First, Defendants do not understand this instruction to
 18 be intended to define the term “trade secrets” (other instructions do that), but rather to explain to
 19 the jury that an engineer will almost always learn certain things at his prior job that do not qualify
 20 as trade secrets. Adding vague words and phrases like those Waymo proposes will only serve to
 21 muddle this instruction. Moreover, Waymo’s third addition is too broad; while some “negative
 22 know-how” may be protectable as a trade secret, not all such “blind alleys” will qualify, and any
 23 relief based on Waymo’s proposed instruction would therefore be overbroad. In *Winston*
 24 *Research Corp. v. Minn. Mining & Mfg. Co.*, 350 F.2d 134, 143–44 (9th Cir. 1965), for example,
 25 the Ninth Circuit upheld the issuance of an injunction but specifically rejected the portion of the
 26 injunction that parallels Waymo’s proposed instruction:

27 We agree with Winston that in one respect the district court’s injunction was
 28 unenforceably broad. As we have noted, the district court found that ‘knowledge
 of the reasons for’ the particular specifications of the Mincom machine, and

1 ‘knowledge of what not to do * * * and how not to make the same mistakes’ as
 2 Mincom made in arriving at these specifications were Mincom trade secrets.
 3 Disclosure or use of these ‘trade secrets’ was enjoined. Winston argues that these
 4 provisions of the decree are too broad and indefinite, prohibit use by former
 5 Mincom employees of their personal knowledge and skill, and render these
 6 employees substantially unemployable in the work for which their specialized
 training and experience have equipped them. Mincom responds that the
 provisions are to be read narrowly as applying only to knowledge of the reasons
 for the particular specifications of the Mincom machine which the court held to be
 protectable trade secrets, and of mistakes to be avoided in developing these
 specifications.

7 Even so read, the provisions cannot stand, for their necessary effect is to prohibit
 8 conduct by Tobias, Johnson, and the other former Mincom employees in which
 9 they have a right to engage. As we have said, the general approach adopted by
 10 Mincom in the development of its machine and the basic mechanical elements
 11 incorporated in that machine were not protectible ‘trade secrets,’ since they were
 12 generally known. Mincom’s former employees—and Winston—are free to utilize
 13 both in their efforts to build a machine equal or superior to the Mincom machine,
 14 so long as they do not, within the time covered by the injunction, utilize the
 15 particular specifications of the Mincom machine or their substantial equivalents.
 16 Moreover, Mincom’s former employees cannot be denied the right to use their
 general skill, knowledge, and experience, even though acquired in part during
 their employment by Mincom. But the only practical way of enforcing the broad
 injunctive provisions here challenged would be to prohibit former Mincom
 employees from engaging in any development work in this area at all. They
 simply could not exclude their knowledge ‘of what not to do’ and of why
 Mincom’s machine was built as it was from any development work they might
 now attempt involving the general approach and basic mechanical elements of the
 Mincom machine.

17 Thus, Waymo’s proposed instruction would overstate the bounds of trade secrets law.

18 Waymo’s cited authority does not support the broad proposition that Waymo advocates.
 19 *Courtesy Temp. Serv., Inc. v. Camacho*, 222 Cal. App. 3d 1278, 1287 (Cal. Ct. App. 1990)
 20 includes the quote that Waymo cites, but it does not support Waymo’s blanket statement that an
 21 employee “may not bring to a new employer trade secrets embodying specific lessons about what
 22 not to do.” (Dkt. 2171 at 2:28–3:1 (emphasis in original).) Rather, *Courtesy Temp.* closely
 23 evaluated the customer lists at issue in that case and concluded that the plaintiff had met its
 24 burden of proof to show that the lists were trade secrets:

25 Here, the evidence established that Courtesy’s customer list and related
 26 information was the product of a substantial amount of time, expense and effort
 27 on the part of Courtesy. Moreover, the nature and character of the subject
 28 customer information, i.e., billing rates, key contacts, specialized requirements
 and markup rates, is sophisticated information and irrefutably of commercial
 value and not readily ascertainable to other competitors. Thus, Courtesy’s

customer list and related proprietary information satisfy the first prong of the definition of “trade secret” under section 3426.1.

Courtesy Temp., 222 Cal. App. 3d at 1288. Thus the court properly evaluated whether the “lessons about what not to do” qualified as part of protectable trade secrets, rather than assuming that they were trade secrets.

Similarly, *Morton v. Rank Am., Inc.*, 812 F. Supp. 1062, 1073-74 (C.D. Cal. 1993) merely held that, at the motion to dismiss stage, “certain ‘negative’ information” may constitute a trade secret. This is made clear in the full paragraph from which Waymo pulled its quoted sentence:

Focusing only on that information that might be generally observable by members of the general public that visited a Hard Rock Cafe (i.e., buildings, decor, fixtures, menu prices etc.), the Defendants argue that the Plaintiffs have failed to allege *anything* that would constitute a protectable trade secret. However, the Plaintiffs have cited to facts that could be inaccessible to the general public. For example, the Plaintiffs may have expended substantial time and expense in developing its supplier lists. *See Courtesy Temporary Serv. v. Camacho*, 222 Cal. App. 3d 1278, 272 Cal. Rptr. 352, 358 (1990). Certain “negative” research may also result in the creation of protectable information. *See id.*, 272 Cal. Rptr. at 357. In sum, this court cannot now state that the Plaintiffs cannot prove any set of facts that would establish the existence of “information ... that derives *1074 independent economic value ... from not being generally known to the public...” Cal. Civ. Code § 3426.1(d)(1). The Defendants’ motion, therefore, cannot succeed on this basis.

Id. (emphasis in original). Again, nothing in the case suggests that “lessons about what not to do,” standing on their own, are trade secrets as Waymo’s proposed additions would suggest.

In short, Waymo’s proposed additions are contrary to law and to California’s strong policy favoring employee mobility and open competition.

Dated: November 7, 2017

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